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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street N.W., Room 222
Washington, D.C. 20554

Re: Implementation of the Non-Accounting Safeguards of Sections 271 and 272 of the Communications Act of 1934, as amended, and Regulatory Treatment of LEC Provision of Interexchange Services Originating in the LEC's Local Exchange Area, CC Docket No. 96-149

Dear Mr. Caton:

On October 3, 1996, AT&T submitted an ex parte letter to the Commission proposing various additional, periodic reporting requirements by Bell operating companies ("BOCs") related to their provision of certain access and exchange access services.¹ Subsequently, staff of the Policy and Program Planning Division of the Common Carrier Bureau requested that SBC Communications Inc. ("SBC") respond to AT&T's letter. SBC, on behalf of itself and its subsidiaries, hereby responds to AT&T's proposal.

Although AT&T acknowledges that mandatory reporting is usually intended to detect and deter unlawful discrimination in the provision of traditional access services,² AT&T's proposal is unclear and could be read to suggest that an additional layer of federal reporting requirements related to the provisioning of unbundled network elements for local service should be imposed upon the BOCs. An additional layer of federal reporting requirements concerning the provision of network elements for local service is unnecessary, and would be duplicative of state reporting obligations and service quality standards that have emerged from the negotiation and arbitration processes. Moreover, additional federal reporting requirements would impose substantial costs upon the BOCs with little or no public interest benefit. Thus, the FCC should not mandate

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1. Ex Parte Letter to William F. Caton, Acting Secretary, FCC from Charles E. Griffin, Government Affairs Director, AT&T (dated October 3, 1996) ("AT&T Letter").
 2. AT&T Letter, Attachment at 1.

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additional reporting by the BOCs in the context of this rule making proceeding.³

On October 8, 1996, pursuant to the request of Commission staff, SBC submitted on an ex parte basis information concerning the telephone service quality requirements of Arkansas, Missouri, Oklahoma, and Texas.⁴ The rules adopted by the Texas Public Utilities Commission ("Texas PUC"), for example, require monthly statistical reports of Southwestern Bell Telephone Company's ("SWBT's") provisioning of local exchange services. The Missouri Public Service Commission requires quarterly telephone service quality reports. Kansas regulators are currently considering service quality issues and may require SWBT to file service quality reports in the near future. Although Arkansas, Kansas, and Oklahoma presently require service quality reports upon request, SWBT would agree to provide these reports on a periodic basis in all of the states in its service region.

Furthermore, SWBT has negotiated interconnection agreements that include service quality and provisioning performance standards. These agreements are customer-specific and are part of the private negotiation process. Requesting carriers have been concerned enough about service quality and performance levels that they have negotiated specific performance standards with SWBT. These performance standards provide an objective measure of service quality (including provisioning) such that an additional layer of federal reporting requirements would be unnecessary and costly.

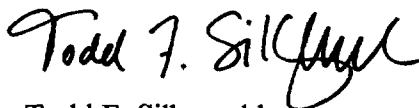
In addition to the above, states are already addressing the issue. For example, following arbitration hearings, the Texas PUC required SWBT to continue to provide interconnecting carriers comparative data regarding installation and repair service intervals. Under the Texas PUC's arbitration decision, interconnecting carriers, at their expense, may request an annual audit of services provided by SWBT pursuant to interconnection agreements. Thus, an additional layer of federal reporting requirements concerning service quality, installation, and maintenance would be unnecessary and duplicative of state reporting obligations already imposed upon SWBT.

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3. If the Commission chooses to impose upon the BOCs an additional layer of reporting requirements, however, those reporting requirements should be limited in scope only to traditional interstate access service, network provisioning, or maintenance related to whether an incumbent local exchange carrier ("ILEC") is favoring its affiliated interexchange carrier over unaffiliated interexchange carriers.
 4. See Ex Parte Letter to William F. Caton, Acting Secretary, FCC from Todd F. Silbergeld, Director-Federal Regulatory, SBC Communications Inc. (dated October 8, 1996).

The reporting requirements suggested by AT&T in its letter, referred to as Direct Measures of Quality ("DMOQs"), might be appropriate (as noted above) in connection with BOC provision of traditional access services.⁵ Similar reporting requirements related to the provision of unbundled network elements for local service, however, would not be appropriate or viable. To the extent a BOC or its affiliate does not purchase unbundled network elements, such reporting requirements would be useless, as there would be no basis for comparison to detect discrimination. In addition, SWBT does not currently have a system or the human resources to monitor or track the provision of network elements and, therefore, any federal requirement to track and report such data would be very costly with little or no attendant benefits.

Should you have any questions concerning the foregoing, please do not hesitate to contact me.

Very truly yours,



Todd F. Silbergeld
Director-Federal Regulatory

cc: Ms. Matthey
Ms. Karmarkar

5. See supra note 3.